

\_\_\_\_\_, 2016

Nevada County Finance Authority  
950 Maidu Avenue  
Nevada City, California, 95959

County of Nevada, California  
950 Maidu Avenue  
Nevada City, California, 95959

Re: Purchase Contract for NCREBs Equipment Lease  
County of Nevada, California

Ladies and Gentlemen:

The County of Nevada, California (the “*County*”) wishes to finance the acquisition, construction, rehabilitation, installation and/or equipping of certain solar systems and photovoltaic power generating systems and related improvements on and to certain of the County’s public buildings and other facilities (as more particularly described in the hereinafter defined Lease Agreement, the “*NCREBs Solar Equipment*”).

In order to obtain funds to finance the NCREBs Solar Equipment, the County and the Nevada County Finance Authority (the “*Authority*”) expect to enter into (a) a Site, Facility and Equipment Lease to be dated as of August 16, 2016 (the “*Site Lease*”), pursuant to which the County will lease to the Authority certain real property, including land and improvements constituting the County’s Wayne Brown Correctional Facility (the “*NCREBs Real Property*”), as more particularly described in the Site Lease, and (b) a Lease Agreement to be dated as of August 16, 2016 (the “*Lease Agreement*”), pursuant to which the County and the Authority intend to execute that certain NCREBs Equipment Schedule, which, together with the terms and provisions of the Lease Agreement that are incorporated by reference into such Schedule, is referred to as the “*NCREBs Equipment Lease*”, pursuant to which the Authority will lease back to the County the NCREBs Real Property and lease to the County the NCREBs Solar Equipment.

In order to raise the funds needed for financing the NCREBs Solar Equipment, the Authority intends to execute an Assignment Agreement for NCREBs Equipment Lease to be dated the date set forth therein (the “*NCREBs Lease Assignment*”), between the Authority, as assignor, and the “*NCREBs Lease Assignee*” as defined therein, being initially Banc of America Leasing & Capital, LLC, pursuant to which the Authority will assign and transfer to NCREBs Lease Assignee all of the Authority’s rights under the NCREBs Equipment Lease as sublessor of the NCREBs Real Property and lessor of the NCREBs Solar Equipment (excepting only the Authority’s rights under Sections 5.10, 7.3 and 8.4 of the Lease Agreement) and as lessee of the NCREBs Real Property under the Site Lease, as more particularly described in the NCREBs Lease Assignment (the “*Assigned NCREBs Lease Rights*”), which includes the Authority’s right to receive the lease payments payable by the County pursuant to the NCREBs Equipment Lease

(“NCREBs Lease Payments”) which are shown on *Exhibit A* attached hereto on the payment dates shown on such *Exhibit A* (the “NCREBs Lease Payment Dates”).

Banc of America Leasing & Capital, LLC (in the capacity of purchaser, the “Purchaser”) hereby offers to purchase the Assigned NCREBs Lease Rights from the Authority, under and pursuant to the terms and provisions of the NCREBs Lease Assignment, the Lease Agreement, the NCREBs Equipment Lease, the Site Lease and this contract, each in substantially the form heretofore agreed upon. This offer is made subject to the Authority’s and the County’s acceptance hereof on or before 11:59 p.m., Pacific time, on the date hereof, at which time this offer expires if not accepted. Upon such acceptance and approval, a contract will be formed and be binding upon the Authority, the County and the Purchaser. On the terms and conditions set forth below, the Purchaser hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell and deliver to the Purchaser, the Assigned NCREBs Lease Rights:

**Description and Amount:** \$\_\_\_\_\_ NCREBs Equipment Schedule, to be dated as of the date of execution and delivery by the County and the Authority, incorporating therein the terms of that certain Lease Agreement to be dated as of \_\_\_\_\_ 1, 2016, between the County and the Authority.

**Purchase Price:** \$\_\_\_\_\_ which equals 100% of the aggregate principal component of NCREBs Lease Payments under the NCREBs Equipment Lease (there being no accrued interest).

**Interest Rate:** \_\_\_\_\_% per annum (computed on a 360 day year of twelve 30-day months) commencing to accrue on the Closing Date (described below); the interest component of NCREBs Lease Payments will be subject to federal income taxation and shall be payable regardless of the failure or inability (for whatever reason) of the County to receive (or delay in receipt of) all or any portion of the direct cash subsidy payments with respect to the NCREBs Equipment Lease (as described under “US Treasury Direct Cash Subsidy Payments” below).

**Purpose of NCREBs Equipment Lease:** Financing for the acquisition and installation of the NCREBs Solar Equipment which constitutes “*qualified renewable energy facilities*” within the meaning of Section 54C of the Internal Revenue Code of 1986, as amended (the “Code”), including an amount to pay costs of issuance (not to exceed the 2% limitation).

**Acquisition Period:** The acquisition and installation of the NCREBs Solar Equipment is expected to be completed on or prior to December 31, 2017.

**Delivery of Original Agreement:** The NCREBs Equipment Lease, the Lease Agreement, the Site Lease and the NCREBs Lease Assignment may be

executed and delivered in multiple counterparts provided that an original (so identified) counterpart for each such document is delivered to the Purchaser at closing.

**Source of Payment and Security:**

NCREBs Lease Payments under the NCREBs Equipment Lease are payable from the County's funds that are legally available for that purpose. Except for the abatement of NCREBs Lease Payments upon the occurrence of certain events of damage, destruction or condemnation, the County's obligations to make NCREBs Lease Payments and to perform its other obligations under the NCREBs Equipment Lease and Site Lease shall be absolute and unconditional in all events without diminution, deduction, set-off or defense for any reason, including (without limitation) any failure of the NCREBs Solar Equipment, disputes with any vendor or the NCREBs Lease Assignee or the failure or inability (for whatever reason) of the County to receive (or delay in receipt of) all or any portion of the direct cash subsidy payments with respect to the NCREBs Equipment Lease (as described under "US Treasury Direct Cash Subsidy Payments" below).

Prior to the County Jail Release Date (as defined in the NCREBs Equipment Lease), if the same occurs, the County's obligations under the NCREBs Equipment Lease shall be secured by the lease and leaseback of the NCREBs Real Property under the Site Lease. Additionally, the County's obligations under the NCREBs Equipment Lease shall be secured by the grant of a first (and exclusive) priority security interest in the NCREBs Solar Equipment to be leased by the Authority to the County on and after the County Jail Release Date.

Upon the occurrence of an event of default Authority may direct the County to terminate the Escrow Account and apply any moneys and investments then held in the NCREBs Lease Subaccount to NCREBs Lease Payments due under the NCREBs Equipment Lease.

**US Treasury Direct Cash Subsidy Payments:**

Pursuant to the NCREBs Equipment Lease, the County will designate the NCREBs Equipment Lease as a "*new clean renewable energy bond*" within the meaning of Section 54(C)(a)(3) of the Code. The County will irrevocably elect to receive a direct cash subsidy payment from the United States Department of the Treasury with respect to the NCREBs Equipment Lease (the "*Direct Subsidy Payments*") and acknowledge that, as a consequence of such election, the NCREBs Lease Assignee (including its successors and

assigns) will not be entitled to a tax credit as a result of ownership of the NCREBs Equipment Lease.

The County will be solely responsible to calculate the amount of the Direct Subsidy Payments, apply for the Direct Subsidy Payments and comply with applicable provisions of the Code during the term of the NCREBs Equipment Lease to obtain payment of the Direct Subsidy Payments from the United States Department of the Treasury. The amount of the Direct Subsidy Payments will be based on the credit rate published by the Secretary of the Treasury on the date hereof upon acceptance of this offer by the Authority and the County. Such credit rate on the date hereof is \_\_\_\_%.

**NCREBs Lease Payments:**

NCREBs Lease Payments under the NCREBs Equipment Lease, consisting of a principal portion and an interest portion, will be payable on the dates and in the amounts set forth on *Exhibit A* hereto, subject to the provisions of the NCREBs Equipment Lease.

**NCREBs Equipment Lease Term:**

From the Closing Date to \_\_\_\_\_, [2036], subject to extension as provided in the NCREBs Equipment Lease, except that in no event will the term of the NCREBs Equipment Lease extend past \_\_\_\_\_, [2046].

**Mandatory, Optional and Extraordinary Prepayment Provisions:**

NCREBs Lease Payments under the NCREBs Equipment Lease will not be subject to optional or extraordinary prepayment by the County prior to the final NCREBs Lease Payment Date, except in the following circumstances:

- *Mandatory Excess Proceeds Prepayment.* To the extent that less than 100% of the available project proceeds are expended for qualified purposes by the earlier of (i) \_\_\_\_\_, 2017 (or with the prior written consent of the NCREBs Lease Assignee in its sole and absolute discretion, the 90th day following the later of \_\_\_\_\_, 2019 or, if the County has obtained an extension of the expenditure period from the Secretary of the Treasury, the end of such extended period) or (ii) the date on which the County executes an NCREBs Final Acceptance Certificate in the form attached to the Lease Agreement and all payments to SunPower as Vendor have been made, all amounts then remaining in the NCREBs Lease Subaccount (as defined in the Lease Agreement) ("*Excess Proceeds*") will be applied to prepay NCREBs Lease Payments in whole or in part in inverse order of NCREBs Lease

Payment Dates. Excess Proceeds in an amount equal to or less than 10% of the original aggregate principal component of NCREBs Lease Payments shall be applied to prepay NCREBs Lease Payments at a prepayment price of 100% of the principal portion of the NCREBs Lease Payments to be prepaid and the County shall additionally pay accrued interest thereon to the prepayment date; and any remaining Excess Proceeds (in excess of 10% of the original aggregate principal component of NCREBs Lease Payments) shall be applied to prepay NCREBs Lease Payments at a prepayment price of 102% of the principal portion of the NCREBs Lease Payments to be prepaid and the County shall additionally pay accrued interest thereon to the prepayment date. In connection with any such prepayment, the County shall pay the prepayment premium and interest accrued to the prepayment date on the unpaid principal portion from funds that are legally available to the County for that purpose, but not from Excess Proceeds.

- *Optional Prepayment.* The County shall have the option to prepay all, but not less than all, of the NCREBs Lease Payments on any NCREBs Lease Payment Date, upon not less than 30 days' prior written notice, and upon payment in full of the NCREBs Lease Payment then due and all other amounts then owing under the NCREBs Equipment Lease plus the then applicable Prepayment Price as set forth on *Exhibit A* hereto.
- *Extraordinary Mandatory Prepayment Upon Damage, Destruction or Condemnation.* In case of damage, destruction or condemnation of the NCREBs Real Property or the NCREBs Solar Equipment, the County shall apply Net Proceeds (as defined in the NCREBs Equipment Lease) of insurance award or eminent domain award allocated to the NCREBs Real Property or the NCREBs Solar Equipment and not applied to repair or replacement of the NCREBs Real Property or the NCREBs Solar Equipment as provided in Article VI of the NCREBs Equipment Lease to prepay the unpaid principal components of the NCREBs Lease Payments in whole on any date or in part on any NCREBs Lease Payment Date, by paying a prepayment price equal to (a) 102% of the aggregate

principal components of the NCREBs Lease Payments to be prepaid if such prepayment date occurs prior to \_\_\_\_\_, 20\_\_ and (b) 101% of the aggregate principal components of the NCREBs Lease Payments to be prepaid if such prepayment occurs on or after \_\_\_\_\_, 20\_\_, *plus* in each case accrued interest on such prepaid principal components to the prepayment date. The County shall give the Authority notice of such prepayment not less than 30 days in advance of such prepayment date. Prepayment in part of the unpaid principal components of NCREBs Lease Payments shall be applied to reduce the principal components of NCREBs Lease Payments on a pro-rata basis or as otherwise agreed to by the County and the NCREBs Lease Assignee.

- *Extraordinary Optional Prepayment Change in Law.* The County shall have the option to prepay all, but not less than all, of the NCREBs Lease Payments from and after any Change in Law (as hereafter defined), on the day specified in the County's notice to the NCREBs Lease Assignee of its exercise of the prepayment option (which prepayment must occur on an NCREBs Lease Payment Date no later than one (1) year following the occurrence of the Change in Law) upon payment in full to the NCREBs Lease Assignee of the sum of (i) all NCREBs Lease Payments then due *plus* (ii) an amount equal to the then remaining outstanding balance of NCREBs Lease Payments *plus* accrued interest to such prepayment date *plus* (iii) all other amounts then owing under the NCREBs Equipment Lease. "*Change in Law*" means legislation hereafter enacted by the Congress of the United States of America or a ruling, regulation or statement hereafter issued by the Treasury Department or the Internal Revenue Service, the effect of which (A) repeals, revokes or Materially Reduces the County's applicable cash subsidy payments from the United States Treasury under Section 54A or 6431 of the Code (as currently in effect) with respect to the NCREBs Equipment Lease or (B) imposes one or more new substantive conditions on the receipt by the County of such applicable cash subsidy payments under such Sections (as currently in effect) and such conditions are unacceptable to the County; *provided* that notwithstanding anything herein to the contrary the

current sequestration program under applicable federal law (or extension thereof) shall not constitute a Change in Law. “*Materially Reduces*” means [to come].

**Davis-Bacon Act Compliance:** The County shall comply with the requirements of the Davis-Bacon Act in connection with the acquisition and installation of the NCREBs Solar Equipment.

**Annual Financial Statements & Reporting:** Until all amounts owed to the NCREBs Lease Assignee with respect to the Assigned NCREBs Lease Rights are paid in full, the County shall deliver to the NCREBs Lease Assignee its annual audited financial statements, budget and other financial information as provided in the NCREBs Equipment Lease.

**Documentation:** The Lease Agreement, the NCREBs Equipment Lease, the Site Lease and the NCREBs Lease Assignment shall be executed and delivered by the County, the Authority and the NCREBs Lease Assignee, as applicable, in substantially the forms agreed upon by the County, the Authority and the NCREBs Lease Assignee prior to the date hereof. All other documentation relating to the transactions provided in the Lease Agreement, the NCREBs Equipment Lease, the Site Lease and the NCREBs Lease Assignment shall be in form and content acceptable to the Purchaser, the County and the Authority.

**Investment Letter:** The Purchaser will sign an investment letter on the Closing Date to the effect that it (a) is an “accredited investor” within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended; (b) has conducted its own investigation of the financial condition of the County, the purpose for which the NCREBs Equipment Lease and transactions contemplated thereby are being entered into and of the security for payment of the NCREBs Lease Payments and has obtained such information regarding the Assigned NCREBs Lease Rights and the County and its operations, financial condition and financial prospects as the Purchaser deems necessary to make an informed investment decision with respect to its purchase of the Assigned NCREBs Lease Rights; (c) is purchasing the Assigned NCREBs Lease Rights for its own account and without a present intention to sell any portion thereof to any other person, *provided* that the Purchaser retains the right at any time to dispose of the Assigned NCREBs Lease Rights or any interest therein as it may determine to be in its best interests and that any subsequent resale shall be made only in accordance with the

Assigned NCREBs Lease Rights and applicable securities laws; and (d) acknowledges and agrees that the obligation of the County to pay NCREBs Lease Payments under the Assigned NCREBs Lease Rights shall constitute a current expense of the County and shall not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the County, nor shall anything contained in the NCREBs Equipment Lease or Site Lease constitute a pledge of the full faith and credit or taxing power of the County.

**Closing Date:**

On \_\_\_\_\_, 2016 (the "*Closing Date*"), unless the County, the Authority and the Purchaser agree to a different date.

**Closing Conditions:**

The following are conditions precedent to the Purchaser's obligations under this contract: [may be modified based on sanitation district easement and sublease and lot line adjustment issues]

At or prior to the Closing Date, the County will deliver to the Purchaser the following:

- the Lease Agreement, the NCREBs Equipment Lease, the Site Lease and the NCREBs Lease Assignment executed by the respective parties thereto and evidence of recording thereof;
- certified copies of resolutions adopted by the governing boards of the Authority and the County authorizing the execution and delivery of the Lease Agreement, the NCREBs Equipment Lease, the Site Lease, the NCREBs Lease Assignment and this contract and an incumbency and authorization certificate of the County in form and content acceptable to the Purchaser;
- opinions of counsels to the County and the Authority in form and content acceptable to the Purchaser;
- evidence of insurance (including title insurance) as required by Article V of the NCREBs Equipment Lease;
- financing statements under Article 9 of the California Commercial Code with respect to the NCREBs Solar



Equipment, sufficient to perfect security interests in personal property and fixtures and treating such Article 9 as effective with respect to governmental transfers;

- fully completed and executed I.R.S. information reporting return with respect to the NCREBs Equipment Lease;
- certificates from authorized officers of the County and the Authority to the effect that (a) all financial statements and other information delivered to the Purchaser are correct and complete; and (b) from the date hereof to the Closing Date, there has not occurred material adverse change in the County's or the Authority's financial condition or operations that would have an adverse effect on the County's or the Authority's ability to perform its respective obligations under the Lease Agreement, the NCREBs Equipment Lease, the Site Lease or the NCREBs Lease Assignment, as applicable;
- the SunPower Agreement (as defined in the NCREBs Equipment Lease), including all amendments, executed by the parties thereto;
- waivers of interest in the NCREBs Solar Equipment, satisfactory to Purchaser, from each landlord, mortgagee and each other party having an interest in the real estate on which the NCREBs Solar Equipment will be located;
- written agreement between the County and each Vendor providing for automatic transfer of ownership of and title to the NCREBs Solar Equipment to the County free and clear of any liens or other encumbrances as required by the NCREBs Equipment Lease;
- environmental questionnaires completed to the satisfaction of Assignee to establish the absence of environmental matters adversely affecting the NCREBs Real Property; and
- such other items reasonably required by Purchaser.

From the date hereof to the Closing Date, there shall not have occurred any (i) material adverse change in the County's or the Authority's financial condition or operations that would have an adverse effect on the County's or the Authority's ability to perform its respective obligations under the Lease Agreement, the NCREBs Equipment Lease, the Site Lease or the NCREBs Lease Assignment, as applicable, (ii) event, court decision, proposed law or rule that may have the effect of changing the federal income tax incidents of the NCREBs Equipment Lease or the contemplated transaction, (iii) international or national crisis or banking moratorium materially affecting, in the reasonable opinion of the Purchaser, the market value of the Assigned NCREBs Lease Rights or (iv) new restrictions on the extension of credit by banks or other lending institutions by any federal or state agency.

The County shall have executed a tax certificate with respect to the NCREBs Equipment Lease and the Direct Subsidy Payments to the extent required by the County based upon advice provided by counsel acceptable to the County.

**Fees and Expenses:**

The County shall be responsible to pay fees and expenses related to this transaction, including fees and expenses of its counsel and the Authority's counsel and of counsel to Purchaser (such fees of Purchaser's counsel paid by the County shall be in an amount not to exceed \$15,0000) and any CDIAC reporting fee. Such fees and expenses will be paid by the County on the Closing Date upon submission of invoices for such fees and expenses.

**Continuing Disclosure:**

It is understood that, with respect to the Assigned NCREBs Lease Rights, the County will not be required to comply with the continuing disclosure requirements of SEC Rule 15c2-12(b).

**Purchaser Contact:**

Banc of America Leasing and Capital, LLC  
11333 McCormick Road  
M/C MD5-032-07-05  
Hunt Valley II  
Hunt Valley, Maryland 21031  
Attention: Contract Administration  
Fax: (443) 556-6977

**Purchaser Counsel:**

Chapman and Cutler LLP  
111 West Monroe Street  
Chicago, Illinois 60601  
Attention: Juliet Huang or  
Christi Jacobsen  
Telephone: (312) 845-3414 or (312) 845-3709  
Fax: (312) 701-2361

**Integration Clause:**

This offer, when accepted, will constitute the complete and entire contract among the Authority, the County and the Purchaser, and all prior communications and correspondence (including the Proposal Letter previously submitted to the County) between or among any of the Authority, the County and/or the Purchaser with respect to the subject matter of the contract, whether written or oral, are superseded by the contract.

**Governing Law:**

This offer and the acceptance hereof, the contract formed hereby and the transactions completed hereunder will be governed by California law.

If the Authority and the County are in agreement with the terms and conditions contained herein, please sign in the space provided below indicating the Authority's and the County's acceptance of this offer and return an executed copy of the contract via fax or e-mail to the Purchaser. If you should have any questions, please contact the undersigned.

Sincerely,

BANC OF AMERICA LEASING & CAPITAL, LLC

By: \_\_\_\_\_  
Terri Preston  
Vice President

Agreed and accepted on the date first above  
written:

NEVADA COUNTY FINANCE AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

COUNTY OF NEVADA, CALIFORNIA

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NCREBS LEASE PAYMENTS SCHEDULE**

LEASE PAYMENT DATE	LEASE PAYMENT AMOUNT	INTEREST COMPONENT	PRINCIPAL COMPONENT	OUTSTANDING BALANCE	PREPAYMENT PRICE* (including prepayment premium, if applicable)

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\* [Describe Premium in Prepayment Price]